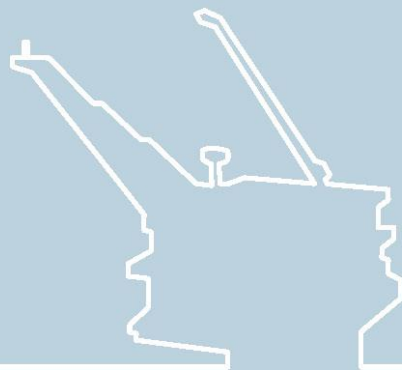


# Q1

## Management's Discussion

and

## Analysis



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For the Period Ended March 31, 2024

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# INTRODUCTION

This Management's Discussion and Analysis ("MD&A") focuses on Valeura Energy Inc.'s ("Valeura" or the "Company") results during the three months ended March 31, 2024. To better understand this MD&A, it should be read in conjunction with Valeura's unaudited consolidated financial statements for the three months ended March 31, 2024 and 2023 (the "interim Financial Statements"), and related notes thereto, and also Valeura's audited consolidated financial statements for the years ended December 31, 2023 and 2022 ("the Financial Statements"), and related notes thereto. Additional information relating to Valeura is available on its website at [www.valeuraenergy.com](http://www.valeuraenergy.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), including Valeura's annual information form for the year ended December 31, 2023 (the "AIF"). **The reporting currency is the United States Dollar ("\$").**

## NON-IFRS FINANCIAL MEASURES

This MD&A includes references to financial measures commonly used in the oil and gas industry such as adjusted EBITDAX, adjusted net working capital, adjusted cashflow from operations, adjusted opex, and adjusted capex which are not generally accepted accounting measures under International Financial Reporting Standards ("IFRS Accounting Standards") and do not have any standardised meaning prescribed by IFRS and, therefore, may not be comparable with similar definitions that may be used by other public companies. Management believes that adjusted EBITDAX, adjusted net working capital, adjusted cashflow from operations, adjusted opex, and adjusted capex are useful supplemental measures that may assist shareholders and investors in assessing the financial performance and position of the Company. Non-IFRS financial measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of each non-IFRS financial measure and non-IFRS ratio is presented in this MD&A. See "Non-IFRS Financial Measures and Ratios" on page 18.

## BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as at and for the three months ended March 31, 2024 and 2023, and have been prepared in accordance with the accounting policies and methods of computation as set forth in note 3 of the Interim Financial Statements.

The discussion and analysis of oil production is presented on a working-interest, before royalty basis.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reporting period. Management reviews these estimates, including those related to accruals, reserves, environmental and decommissioning obligations and income taxes at each financial reporting period. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates. Readers should be aware that historical results are not necessarily indicative of future performance.

Any financial outlook or future oriented financial information in this MD&A, as defined by applicable securities legislation, has been approved by management of Valeura. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The ability to make reliable estimates is further complicated when the political, economic and security situation is uncertain. Management has based its estimates with respect to the Company's operations on information available up to the date this MD&A was approved by the board of directors of the Company. Significant changes could occur which could materially impact the assumptions and estimates made in this MD&A.

# COMPANY PROFILE

Valeura is a Canada-incorporated public company engaged in the production, development, and exploration of oil and gas in Thailand and in Türkiye, and is pursuing further inorganic growth in Southeast Asia. The common shares of the Company ("Common Shares") are listed and posted for trading on the Toronto Stock Exchange under the symbol "VLE", and quoted on the OTCQX in the United States of America under the trading symbol "VLERF". The head office of Valeura is located at 111 Somerset Road, #09-31, Singapore, 238164. Valeura's registered and records office is located at 4600, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1. Valeura was incorporated under the Business Corporations Act (Alberta).

## KEY ASSETS AND WORKING INTERESTS

The Company's material interests are summarised in the following table:

| Country  | Concession                                                   | Key Fields      | Location | Life Cycle | Working Interests   |
|----------|--------------------------------------------------------------|-----------------|----------|------------|---------------------|
| Thailand | B5/27                                                        | Jasmine/Ban Yen | Offshore | Production | 100% Operator       |
|          | G11/48                                                       | Nong Yao        | Offshore | Production | 90% Operator        |
|          | G1/48                                                        | Manora          | Offshore | Production | 70% Operator        |
|          | G10/48 <sup>(1)</sup>                                        | Wassana         | Offshore | Production | 100% Operator       |
| Türkiye  | West Thrace Deep / Banarli Deep Joint Venture <sup>(2)</sup> | N.a.            | Onshore  | Appraisal  | 63% / 100% Operator |

(1) The Company announced on April 28, 2023 that its 11% partner in the G10/48 concession, Palang Sophon Limited ("PSL"), has opted to discontinue its participation in the block. By agreement between PSL and Valeura, PSL transferred its 11% working interest to Valeura. Completion of this 11% transfer is pending government approval.

(2) On April 7, 2023, Valeura submitted an application for the second extension period of the Banarli and West Thrace Exploration Licences and has been advised that the renewal remains in administrative processing.

## THAILAND

The Company has been active in Thailand since April 28, 2022, when the Company entered into a sale and purchase agreement (the "Kris SPA") with KrisEnergy (Asia) Ltd. to acquire all of the issued and outstanding shares of KrisEnergy International (Thailand) Holdings Ltd. (now known as Valeura Energy (Thailand) Holdings Ltd.), which held an interest in two operated licences in shallow water offshore Thailand, Licence G10/48 and Licence G6/48 (the "Kris Acquisition"). The Kris Acquisition closed on June 15, 2022. On December 6, 2022, Valeura announced that Valeura Energy Asia Pte. Ltd. (formerly Panthera Resources Pte. Ltd.) (the "SPV") had entered into a sale and purchase agreement with Mubadala Petroleum (Thailand) Holdings Limited ("Mubadala Petroleum") to acquire the Thailand upstream oil producing portfolio of Busrakham Oil and Gas Ltd ("Busrakham Oil"), effective September 1, 2022, which included interests in three operated licences in shallow water offshore Thailand, Licence B5/27, Licence G11/48, and Licence G1/48 (the "Mubadala Acquisition"). The Mubadala Acquisition closed on March 22, 2023.

A subsidiary of the Company has divested its working interest of 43% in Licence G6/48, which is awaiting government approval. The agreement for the withdrawal from and transfer of the G6/48 interest is dated April 27, 2023. As of March 31, 2024, the Company had no proportion of the participating share in the licence.

## TÜRKIYE

The Company has been active in Türkiye since its inception. The primary region of the Company's activity in Türkiye has been the Thrace Basin, just west of Istanbul where the Company operated its gas assets. Between 2017 and 2020, the Company undertook a large exploration and appraisal campaign of a deep, unconventional tight gas play (the "Deep Gas Play") in partnership with Equinor Turkey B.V. ("Equinor"). Equinor exited the Deep Gas Play in Q2 2020. In 2021, the Company sold its shallow conventional gas business in Türkiye. The Company's search for a new partner to further progress appraisal of the Deep Gas Play is ongoing.

The Banarli and West Thrace Exploration Licences had a set expiry date of June 27, 2023, but each licence can be extended for two further two-year periods.

On April 7, 2023, Valeura submitted an application for the second extension period of the Banarli and West Thrace Exploration Licences and has been advised that the renewal remains in administrative processing. Accordingly, the Company continues to include these licences as part of its portfolio and will provide an update on the new expiry dates when known.

## COMPANY STRATEGY

Valeura is pursuing a disciplined growth strategy which is to create value through growth, predicated on the following priorities:

- organic growth within its portfolio, intended to sustain strong cash flows by re-investing to replace reserves and to develop underexploited opportunities.
- inorganic growth within the Southeast Asia region, focusing on value and operationally accretive merger and acquisition ("M&A") targets, with a preference for opportunities that provide current or near-term production and cash flow.
- operational excellence across its organisation, drawing upon the expertise of a proven international team to maintain a relentless focus on operational efficiency and margins while also aspiring to be a responsible corporate citizen in everything it does.

In addition, Valeura (assuming licence renewals are obtained) continues to hold an operated, high working interest position in the Deep Gas Play in the Thrace Basin of Türkiye, which it believes could be a source of significant value in the longer term. The Company intends to farm out a portion of its interest in the Deep Gas Play in order to jointly pursue the next phase of appraisal work.

# HIGHLIGHTS

## Q1 2024 Highlights

- Oil production of 21,882 bbls/d<sup>(1)</sup>, up 14% from the previous quarter;
- Oil sales of 1.8 mmbbls at an average realised price of \$84.6/bbl, generating revenue of \$149.4 million;
- Adjusted EBITDAX of \$89.0 million<sup>(2)</sup> and adjusted cashflow from operations of \$47.8 million<sup>(2)</sup>;
- Cash and net cash balance as at March 31, 2024 of \$193.7 million<sup>(3)</sup>, with no debt; and
- Adjusted net working capital surplus of US\$141.9 million<sup>(2)</sup>.

(1) Working interest share oil production, before royalties.

(2) Non-IFRS financial measure or non-IFRS ratio – see "Non-IFRS Financial Measures and Ratios" section in this MD&A.

(3) Includes restricted cash of \$17.3 million.

|                                                           |             | Three months ended |                                                                     |
|-----------------------------------------------------------|-------------|--------------------|---------------------------------------------------------------------|
|                                                           |             | March 31,<br>2024  | March 31,<br>2023                                                   |
| Oil Production <sup>(1)</sup>                             | ('000 bbls) | 1,991              | 215                                                                 |
| Average Daily Oil Production <sup>(2)</sup>               | bbls/d      | 21,882             | 2,362 (91 days <sup>(1)</sup> )<br>21,492 (10 days <sup>(1)</sup> ) |
| Average Realised Price                                    | \$/bbl      | 84.6               | -                                                                   |
| Oil Volumes Sold                                          | mmbbls      | 1.8                | -                                                                   |
| Oil Revenue                                               | \$ 'mm      | 149.4              | -                                                                   |
| Adjusted Opex per bbl <sup>(2)</sup>                      | \$/bbl      | 26.2               | 47.8                                                                |
| Adjusted Capex <sup>(2)</sup>                             | \$ 'mm      | 29.3               | 3.9                                                                 |
| Adjusted Pre-Tax Cash Flow from Operations <sup>(2)</sup> | \$ 'mm      | 72.0               | (12.7)                                                              |
| Adjusted Cash Flow from Operations <sup>(2)</sup>         | \$ 'mm      | 47.9               | (12.7)                                                              |
| Adjusted EBITDAX <sup>(2)</sup>                           | \$ 'mm      | 89.0               | (7.2)                                                               |

(1) Average Daily production of 2,362 bbls/d represents average over the full first quarter (91 days), whereas, the average daily production of 21,492 bbls/d represent the average production over the period from the closing of the Mubadala Acquisition on March 22nd, 2023 (i.e. 10 days).

(2) Non-IFRS financial measure or non-IFRS ratio – see "Non-IFRS Financial Measures and Ratios" section in this MD&A.

All performance metrics in line with expectations resulting in re-iteration of guidance estimates previously announced in the Company's announcement "Operational Update and 2024 Guidance Outlook" dated January 16, 2024.

## Q1 2024 Key Achievements and Subsequent Events

- Five horizontal development wells successfully drilled on the Wassana field (block G10/48, 100% interest) resulting in Q1 2024 average oil production of 3,979 bbls/d, and 4,900 bbls/d for the first six days of May 2024;
- Three oil discoveries announced from one exploration well in the Nong Yao concession (block G11/48, 90% working interest) and two exploration wells north of Wassana field;
- Scheduled shutdowns for maintenance on the Manora and Jasmine field production facilities conducted safely and under planned time and budget; and
- Installed the Nong Yao C mobile offshore production unit ("MOPU") T7 Shirley on the Nong Yao field in preparation for development drilling.

|                                                  |               | Three months ended |                      |
|--------------------------------------------------|---------------|--------------------|----------------------|
|                                                  |               | March 31,<br>2024  | March 31,<br>2023    |
| Oil Production <sup>(1)</sup>                    | (bbls /d)     | 21,882             | 2,362 <sup>(3)</sup> |
| Oil Volumes Sold                                 | ('mmbbls)     | 1,765              | -                    |
| Oil Revenues                                     | (\$'000)      | 149,408            | -                    |
| Net Earnings/(Loss)                              | (\$'000)      | 19,418             | 234,281              |
| Adjusted EBITDAX <sup>(2)</sup>                  | (\$'000)      | 88,721             | (7,155)              |
| Adjusted Pre-tax cashflow from operations        | (\$'000)      | 72,088             | (12,746)             |
| Adjusted Cashflow from Operations <sup>(2)</sup> | (\$'000)      | 47,855             | (12,746)             |
| Adjusted Opex <sup>(2)</sup>                     | (\$'000)      | 52,264             | 10,269               |
| Adjusted Capex <sup>(2)</sup>                    | (\$'000)      | 29,257             | 3,880                |
| Weighted average shares outstanding – basic      | ('000 shares) | 103,229            | 90,828               |

|                                             |          | As at             |                      |
|---------------------------------------------|----------|-------------------|----------------------|
|                                             |          | March 31,<br>2024 | December 31,<br>2023 |
| Cash & Cash equivalents and Restricted cash | (\$'000) | 193,683           | 151,165              |
| Adjusted Net Working Capital                | (\$'000) | 141,877           | 118,143              |
| Shareholder's Equity                        | (\$'000) | 304,318           | 284,178              |

(1) Working interest share production, before royalties.

(2) Non-IFRS financial measure – see “Non-IFRS Financial Measures and Ratios” section in this MD&A.

(3) Average Daily production of 2,362 bbls/d represents average over the full first quarter (91 days), whereas, the average daily production of 21,492 bbls/d represent the average production over the period from the closing of the Mubadala Acquisition on March 22nd, 2023 (i.e. 10 days).

## Q1 2024 Performance versus Guidance

On January 16, 2024, the Company provided an operational update and its guidance outlook for 2024 (the “2024 Guidance”), highlights of the 2024 Guidance and performance outcome for Q1 2024 are summarised below. The Company announced forecast average 2024 full year oil production of 21,500 – 24,500 bbls/d, the Company anticipates higher production in the second half of the year 2024.

|                                |              | Full Year                                           | Q1 2024                    |
|--------------------------------|--------------|-----------------------------------------------------|----------------------------|
|                                |              | 2024 Guidance                                       | Performance in             |
| Production <sup>(1)</sup>      | (bbls/d)     | 21,500 – 24,500                                     | 21,882                     |
| Price realisations             | (\$/bbl)     | Approx. equivalent to the Brent crude oil benchmark | \$1.6/bbl premium to Brent |
| Operating costs <sup>(2)</sup> | (\$ million) | 205 – 235                                           | 52.3                       |
| Capex <sup>(3)</sup>           | (\$ million) | 135 – 155                                           | 29.3                       |
| Exploration expense            | (\$ million) | Approx. 8                                           | 2.2                        |

(1) Working interest share production, before royalties.

(2) Represents adjusted opex which is Non-IFRS financial measure – see “Non-IFRS Financial Measures and Ratios” section in this MD&A.

(3) Represents adjusted capex, as more fully described below. Non-IFRS financial measure – see “Non-IFRS Financial Measures and Ratios” section in this MD&A.

The Company intends to fund its 2024 spending through cash on hand and cash flow generated from ongoing operations. All guidance estimates in the 2024 Guidance provided above reflect Valeura's net working interest share, relating to the full year 2024. Valeura intends to maintain a strong balance sheet, in support of its growth-oriented strategy, which includes the potential for further M&A.

Approximately 75% of the Company's capex is directed toward drilling. Valeura intends to have one drilling rig under contract for the entire year, and to conduct a continuous drilling programme covering each of its fields. The drilling sequence itself is subject to ongoing real-time optimisation.

# PERIOD OVERVIEW

## Operations Overview

During Q1 2024, the Company had ongoing production operations on all of its Gulf of Thailand fields including Jasmine, Nong Yao, Manora, and Wassana. This was the first full quarter of production operations at the Wassana field, following the field's re-start in Q4 2023. In aggregate the Company's net working interest share production was 21.9 mbbls/d. One drilling rig was under contract throughout the quarter.

|                                                                    | Unit           | Three months ended |                |
|--------------------------------------------------------------------|----------------|--------------------|----------------|
|                                                                    |                | March 31, 2024     | March 31, 2023 |
| <b>Company's Working Interest Average Production<sup>(1)</sup></b> | <b>bbbls/d</b> | <b>21,882</b>      | <b>2,362</b>   |
| <i>Jasmine/Ban Yen</i>                                             | <i>bbbls/d</i> | <i>7,661</i>       | <i>1,090</i>   |
| <i>Nong Yao</i>                                                    | <i>bbbls/d</i> | <i>7,307</i>       | <i>893</i>     |
| <i>Manora</i>                                                      | <i>bbbls/d</i> | <i>2,935</i>       | <i>379</i>     |
| <i>Wassana</i>                                                     | <i>bbbls/d</i> | <i>3,979</i>       | <i>-</i>       |

(1) The Mubadala Acquisition closed on March 22, 2023.

### Jasmine/Ban Yen:

Oil production (before royalties) from the Jasmine/Ban Yen field, in Licence B5/27 (100% interest) averaged 7.7 mbbls/d during Q1 2024. Production during the quarter was impacted by planned downtime to conduct scheduled maintenance activity at the field, which was completed during the quarter.

No wells were drilled and there was no well workover activity on the B5/27 block during the quarter. The Company is currently planning to mobilise a workover rig to the field in Q2 2024 and the Company is planning for a drilling campaign later in 2024, comprising approximately five infill development wells intended to increase production volumes.

### Nong Yao:

At the Nong Yao field, in Licence G11/48 (90% working interest), Valeura's working interest share of oil production before royalties averaged 7.3 mbbls/d during Q1 2024. Subsequent to quarter end, the drilling rig was mobilised to the Nong Yao A facility to drill two new development wells. Operations on the two new wells are expected to be complete in the coming week; once tied in, the wells are expected to yield increased production from the field.

Growth activities focussed on preparations for the development of the Nong Yao C accumulation. During the quarter the *T7 Shirley* MOPU arrived on location and subsequent to quarter end the unit has been fixed to the seabed and all of the conductors, which will contain all of the production wells, have been installed from the MOPU, as well as risers for production having been connected to the subsea pipeline. The Company anticipates development drilling will result in first oil from the development in Q3 2024. Through this development project, Valeura is targeting an increase in block G11/48 peak oil production to approximately 11 mbbls/d (Valeura's working interest share, before royalties).

The Company began an exploration drilling campaign in Q1 2024, starting with the open water well Nong Yao-13, which tested the Nong Yao D prospect. Subsequent to quarter end, Valeura announced that the well was a success, discovering just over 30 feet of new oil pay across several intervals. The Company has begun further analysis of seismic data, seeking out potential locations for follow-up exploration and appraisal drilling in the vicinity, with the ultimate objective of amassing sufficient volumes to justify a future development hub.

Also during Q1 2024, the Company announced that it had agreed to purchase the Nong Yao field's floating storage and offloading ("FSO") vessel, the *Aurora*, for US\$19 million. Closing of the transaction is expected in June 2024. Valeura anticipates that owning, as opposed to leasing the FSO is value accretive, will provide operational flexibility, and will reduce operating expenses for the field.

### Wassana:

Oil production at the Wassana field, in Licence G10/48 (100% working interest), averaged 4.0 mbbls/d during Q1 2024 (before royalties). In February 2024, Valeura announced its intent to expand the scope of its in-progress development drilling programme on the Wassana field from three horizontal wells to five, and subsequently completed the campaign during the quarter. All wells encountered their targets in line with expectations and thereafter the field has increased production to an average of 4.9 mbbls/d in the first six days of May 2024, and has demonstrated daily production results above 5.0 mbbls/d.

During Q1 2024, the Company continued progressing its work to select a concept for re-development of the Wassana field to commercialise additional volumes encountered through appraisal drilling on the field in 2023. Valeura anticipates finalising its concept-select phase in Q2 2024, leading to a final investment decision on the redevelopment around the end of the year.

At the end of Q1 2024, the Company was continuing an exploration drilling campaign, which concluded in Q2 with two oil discoveries on Licence G10/48. The Niramai-4 well and Niramai-4 ST1 well (Wassana North Prospect) discovered over 90 feet, and approximately 40 feet of new oil pay, respectively. Based on preliminary estimates, when combined with the pre-existing Niramai volumes the total recoverable volumes in the north-east portion of the G10/48 block are believed to exceed management's requirements to support an additional future development, beyond the scope of the currently-contemplated redevelopment.

### Manora:

At the Manora field, in Licence G1/48 (70% working interest), Valeura's working interest share of oil production before royalties averaged



2.9 mbbbls/d during Q1 2024. Production rates during the quarter were impacted by scheduled downtime to conduct planned maintenance, which was completed on time and under budget, and by quarter end the field had resumed normal production operations.

Subsequent to quarter end a workover rig was mobilised to the Manora facility where it has since completed two well workovers intended to offset recent natural production declines. The workover unit will be mobilised to the Jasmine field to conduct further planned workovers.

The team have continued to review the drilling results and production data from 2022 and 2023 drilling campaigns and are currently proposing additional development and appraisal drilling. Valeura anticipates that a Manora field drilling campaign will be included in the drill sequence in late 2024 or early 2025.

**West Thrace Deep Gas Play:**

The Company had no active operations in Türkiye during Q1 2024 as it continued its search for a farm-in partner to pursue the next phase of work on the Deep Gas Play, where it holds interests ranging from 63% to 100% (assuming the licence renewals are obtained). On March 29, 2024, the Company received a written communication from the regulator stating that the extension applications evaluation is ongoing.

## **Environmental, Social and Governance Overview**

During Q1 2024, Valeura continued its strong performance in health, safety, and environmental stewardship across its portfolio. Major inspection works across its offshore assets have indicated no material anomalies, thereby confirming that all facilities and subsea assets are in good working order and comply with the Company's expectations for asset integrity. The Company intends to disclose key metrics relating to its environmental, social, and governance performance as a component of an inaugural sustainability report in 2024.

## Financial Overview

The Company's Q1 2024 financial performance was influenced by a higher level of maintenance activity, well workovers, and drilling operations across its assets, as planned and included in the Company's guidance estimates. Results of drilling activity conducted during Q1 2024 suggest future development potential, as more fully described under the "Operations Overview" section in this MD&A.

Financial performance in Q1 2024 was significantly higher than in Q1 2023 as a result of a full quarter contribution of all four assets, compared to 10 days in Q1 2023, when the Mubadala Acquisition completed on March 22, 2023.

### Financial Metrics

| <i>In \$'000</i>                                       | Three months ended |                 |
|--------------------------------------------------------|--------------------|-----------------|
|                                                        | March 31, 2024     | March 31, 2023  |
| <b>Revenue and other income</b>                        |                    |                 |
| Oil revenues                                           | 149,408            | -               |
| Royalties                                              | (18,639)           | -               |
| <b>Net oil revenues</b>                                | <b>130,769</b>     | <b>-</b>        |
| Other income                                           | 2,069              | 63              |
|                                                        | <b>132,838</b>     | <b>63</b>       |
| <b>Expenses</b>                                        |                    |                 |
| Operating                                              | 41,788             | 4,678           |
| Exploration                                            | 2,196              | 41              |
| Special remuneratory benefit (SRB)                     | -                  | (53)            |
| General and administrative                             | 6,417              | 3,037           |
| Transaction costs                                      | -                  | 829             |
| Finance costs                                          | 6,516              | 1,944           |
| Foreign exchange (gain) loss                           | 332                | 979             |
| Share-based compensation                               | 889                | 572             |
| Depletion and depreciation                             | 47,596             | 113             |
|                                                        | <b>105,734</b>     | <b>12,140</b>   |
| <b>Profit (loss) for the period before other items</b> | <b>27,104</b>      | <b>(12,077)</b> |
| Bargain purchase gain                                  | -                  | 238,143         |
| Change in net monetary position due to hyperinflation  | 263                | 268             |
|                                                        |                    |                 |
| <b>Income for the period before income taxes</b>       | <b>27,367</b>      | <b>226,334</b>  |
| <b>Income taxes</b>                                    |                    |                 |
| Deferred tax recovery                                  | (16,284)           | (7,948)         |
| Tax expense                                            | 24,233             | -               |
| <b>Net income</b>                                      | <b>19,418</b>      | <b>234,282</b>  |
| Net income (loss) attributable to:                     |                    |                 |
| Shareholders of Valeura Energy                         | 19,418             | 234,995         |
| Non-controlling interest                               | -                  | (713)           |
| <b>Net income</b>                                      | <b>19,418</b>      | <b>234,282</b>  |
| <b>Other Comprehensive income</b>                      |                    |                 |
| Currency translation adjustments                       | (118)              | (51)            |
| <b>Comprehensive income</b>                            | <b>19,300</b>      | <b>234,231</b>  |
| <b>Net income (loss) attributable to:</b>              |                    |                 |
| Shareholders of Valeura Energy                         | 19,418             | 234,995         |
| Non-controlling interest                               | -                  | (713)           |
| <b>Earnings per share</b>                              |                    |                 |
| <i>Basic</i>                                           | <i>0.19</i>        | <i>2.59</i>     |
| <i>Diluted</i>                                         | <i>0.18</i>        | <i>2.45</i>     |

**Oil Revenues**

|                                      |               | Three months ended |                   |
|--------------------------------------|---------------|--------------------|-------------------|
|                                      |               | March 31,<br>2024  | March 31,<br>2023 |
| <b>Oil Volumes Sold</b>              | mbbl          | <b>1,765</b>       | -                 |
| <i>Jasmine/Ban Yen</i>               | mbbl          | 696                | -                 |
| <i>Nong Yao</i>                      | mbbl          | 540                | -                 |
| <i>Manora</i>                        | mbbl          | 210                | -                 |
| <i>Wassana</i>                       | mbbl          | 319                | -                 |
|                                      |               | Three months ended |                   |
|                                      |               | March 31,<br>2024  | March 31,<br>2023 |
| Brent Average                        | \$/bbl        | 83.1               | 81.2              |
| Dubai Average                        | \$/bbl        | 81.3               | 80.3              |
| <b>Realised</b>                      | <b>\$/bbl</b> | <b>84.6</b>        | -                 |
| <i>(Discount) / Premium to Brent</i> | <i>\$/bbl</i> | 1.6                | nm                |
| <i>(Discount) / Premium to Dubai</i> | <i>\$/bbl</i> | 3.3                | nm                |

In Q1 2024, the Company sold approximately 1.8 mmbbls from its four producing oil fields, which included both crude oil held as inventory as at December 31, 2023 and a portion of the production from Q1 2024, compared to zero crude oil sold in the first quarter in 2023. The Company sold crude oil to both domestic Thai refiners and export buyers.

|                                                 |             | Three months ended |  |
|-------------------------------------------------|-------------|--------------------|--|
| <b>Beginning Inventory at December 31, 2023</b> | <b>mbbl</b> | <b>672</b>         |  |
| Add: Production                                 | mbbl        | 1,991              |  |
| Less: Fuel used and crude condition adjusted    | mbbl        | (18)               |  |
| Available for sale                              | mbbl        | 2,645              |  |
| Less: Lifting                                   | mbbl        | (1,765)            |  |
| <b>Ending Inventory at March 31, 2024</b>       | <b>mbbl</b> | <b>880</b>         |  |

As at March 31, 2024, the Company had 880 mbbl of crude oil inventory, while the Company had 672 mbbl of crude oil inventory as at December 31, 2023. The quarter-on-quarter increase was due to the timing of liftings.

**Royalties**

Royalty arrangements that are based on production or sales are recognised by reference to the underlying arrangement.

**(i) Royalties to government in Thailand**

Royalties paid to the Thai government are based on sales volumes and are payable in cash in each calendar quarter which commences from January, April, July, and October for Thai I licences and in the month following sales for Thai III licences. Royalties for Thai I licences are a flat 12.5%, and for Thai III licences are a sliding scale between 5% and 15% based on sales volumes.

**(ii) Payment to previous owner in Thailand**

Under the terms of the sales and purchase agreement between the Company and the owner of Licence B5/27, the Company is required to make payments to the previous owner in cash based on sales volumes computed as follows:

- 1) 6% of gross revenue from certain production areas within Licence B5/27;
- 2) \$2 per barrel of oil produced from certain production areas within Licence B5/27; and
- 3) 4% of gross revenue from certain production areas other than that mentioned in (1) above within Licence B5/27.

Historically the payment to previous owners represented around 7% to 8% of the oil revenues from the Jasmine field.

| \$'000                                | Three months ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 31, 2024     | March 31, 2023 |
| Royalties to government in Thailand   | 14,013             | -              |
| Payment to previous owner in Thailand | 4,629              | -              |
| Marketing fee                         | (3)                | -              |
| <b>Royalties</b>                      | <b>18,639</b>      | <b>-</b>       |

**Adjusted Opex<sup>(1)</sup>**

| \$'000                                                                                                  | Three months ended |                |
|---------------------------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                                         | March 31, 2024     | March 31, 2023 |
| <b>Operating Costs</b>                                                                                  | <b>41,788</b>      | <b>4,678</b>   |
| Reversal of Loss of Net Realisable Value (Wassana) <sup>(2)</sup>                                       | 7,126              | -              |
| <b>Cost of Goods Sold</b>                                                                               | <b>48,914</b>      | <b>4,678</b>   |
| Reversal of accounting adjustments related to PPA inventory valuation and capitalisation <sup>(3)</sup> | (5,245)            | 2,563          |
| <b>Adjusted Opex (excluding Leases)<sup>(1)</sup></b>                                                   | <b>43,669</b>      | <b>7,241</b>   |
| Leases <sup>(4)</sup>                                                                                   | 8,595              | 3,028          |
| <b>Adjusted opex<sup>(1)</sup></b>                                                                      | <b>52,264</b>      | <b>10,269</b>  |
| Production Volumes during the period (mdbl)                                                             | 1,991              | 215            |
| <b>Adjusted Opex per bbl<sup>(1)</sup> (\$/bbl)</b>                                                     | <b>26.2</b>        | <b>47.8</b>    |

(1) Non-IFRS financial measure – see “Non-IFRS Financial Measures and Ratios” section in this MD&A.

(2) Represent write down inventory to net realisable value.

(3) Item is not shown in the Interim Financial Statements. Due to the Mubadala Acquisition, in accordance with IFRS 3 Business Combinations, we are required to calculate the Purchase Price Allocation (“PPA”) of the identifiable assets acquired and liabilities assumed at fair value. Crude oil inventory is one the identifiable assets acquired at fair value. The cost of crude inventory is capitalised from operating costs. As a result, we excluded the effect of crude inventory capitalisation during the period including the effect of crude inventory from PPA valuation.

(4) In accordance with IFRS 16 - Leases, the Company recognised cost related to its operating leases – attributed to FSO and floating production, storage, and offloading (“FPSO”) vessels used at its Jasmine/Ban Yen, Nong Yao, Manora and Wassana fields, as well as onshore warehouse facilities costs to its balance sheet and finance cost in the profit and loss statement. In order to report a more relevant lifting cost, the Company has included costs associated with these leases in the adjusted operating cost calculation. This will be a recurring adjustment.

Operating costs as reported under IFRS were \$41.8 million for Q1 2024 (Q1 2023: \$4.7 million). To allow for a more meaningful periodic comparison, the above material adjustments were made in order to arrive at the Company's adjusted opex per barrel or often cited as lifting cost per barrel in the common industry term. See “Non-IFRS Financial Measures and Ratios” section in this MD&A for reconciliation and definition.

Adjusted opex per barrel is calculated as adjusted opex divided by the number of barrels produced in the same period. Adjusted opex was largely comprised of bareboat charter contracts and operation and maintenance expenses associated with the FSO and FPSO vessels, logistics expenses, workovers, and fuel. The most material variable components of adjusted opex were fuel costs and workovers. In Q1 2024, the Company's adjusted opex per barrel was \$26.2/bbl, while in Q1 2023, the Company's adjusted opex per barrel was \$47.8/bbl. The higher adjusted opex per barrel in Q1 2023 was from the restarted operations at the Wassana field and the 10-day period of the oil field production from Mubadala Acquisition which was completed on March 22, 2023.

**Special Remuneratory Benefit**

Special Remuneratory Benefit (“SRB”) is a unique form of tax on Windfall Profits (as such term is defined under the Thailand Petroleum Income Tax Act (“PITA”)) or annual additional petroleum profits, arising from substantial increases in the price of petroleum, or very low-cost discoveries under the PITA. SRB is calculated annually on a block-by-block basis and varies from year-to-year, depending on the revenue per one meter of well drilled in the year. SRB will not apply unless capital expenditures have been recovered in full.

No SRB payments were made during Q1 2024 or Q1 2023. Actual cash payments for SRB is done the following year in May.

**General and Administrative ("G&A") Expenses**

| \$'000                                 | Three months ended |                   |
|----------------------------------------|--------------------|-------------------|
|                                        | March 31,<br>2024  | March 31,<br>2023 |
| Personnel and office costs             | 4,883              | 1,298             |
| Severance                              | 763                | -                 |
| IT hardware & software licences        | 71                 | 200               |
| Consultancy and professional services  | 700                | 1,539             |
| <b>Total G&amp;A expenses</b>          | <b>6,417</b>       | <b>3,037</b>      |
| Consultancy for merger and acquisition | -                  | (560)             |
| <b>Recurring G&amp;A expenses</b>      | <b>6,417</b>       | <b>2,477</b>      |

General and administrative expenses increased in Q1 2024 when compared to Q1 2023 due to increased costs from the Mubadala Acquisition closing on March 22, 2023, which included personnel and office costs, hardware and software licences and professional services and consultancy from the increase in administrative operations related to IT, legal, audit, and tax services.

**Finance Costs**

| \$'000                                                         | Three months ended |                   |
|----------------------------------------------------------------|--------------------|-------------------|
|                                                                | March 31,<br>2024  | March 31,<br>2023 |
| Interest expense and commitment fee on facility <sup>(1)</sup> | -                  | 587               |
| Amortisation of financing transaction costs                    | -                  | 195               |
| Accretion on decommissioning liabilities                       | 2,978              | 969               |
| Accretion on contingent consideration                          | 23                 | 30                |
| Interest expenses on lease liabilities                         | 2,265              | 151               |
| Financing fee                                                  | 1,250              | -                 |
| Other                                                          | -                  | 12                |
| <b>Total finance costs</b>                                     | <b>6,516</b>       | <b>1,944</b>      |

(1) Refer to Facility in Financial and Position and Liquidity section in this MD&A.

Finance costs in Q1 2024 included costs related to amortisation of accretion of decommissioning liabilities, and interest expense for leases, unwinding contingent consideration and financing fee. Higher finance costs in Q1 2024, as compared to Q1 2023, are mostly the result of the closing of the Mubadala Acquisition 10 days prior to the end of the Q1 2023 period, whereas the Q1 2024 period represents a full period.

**Impairment on Exploration and Evaluation (E&E) asset**

The Company divested its working interest in Licence G6/48 to its partner Northern Gulf Petroleum by way of an agreement to withdraw from and transfer its working interest in the G6/48 Concession, dated April 27, 2023. Completion of this divestment is pending government approval. In Q2 2023, the outstanding balance of exploration and evaluation assets ("E&E") related to the Licence G6/48 of \$4.28 million was fully impaired. There were no indications of impairment during Q1 2024.

**Impairment Loss on Receivable**

The Company's 11% partner in Licence G10/48, PSL, discontinued its participation in the block during Q2 2023 and transferred its 11% working interest to the Company for no consideration. Completion of this 11% transfer is pending government approval. In Q2 2023, the outstanding balance of receivables from PSL from Licence G10/48 of \$0.96 million was recognised in impairment loss on receivable. There were no additional provisions recognised during Q1 2024.

**Depletion and Depreciation**

| \$'000                                 | Three months ended |                   |
|----------------------------------------|--------------------|-------------------|
|                                        | March 31,<br>2024  | March 31,<br>2023 |
| Property, plant and equipment ("PP&E") | 47,837             | 5,404             |
| Right-of-use assets                    | 6,958              | 607               |
| Capitalised                            | (7,199)            | (5,898)           |
| <b>Depletion and depreciation</b>      | <b>47,596</b>      | <b>113</b>        |

Depletion and depreciation expenses for Q1 2024 are mostly related to the Company's producing assets in Thailand. Following the Mubadala Acquisition in 2023, PP&E was subsequently recognised for all five assets. Comparing to Q1 2023, the Company recognised depletion and depreciation expense from acquired assets in Thailand for only 10 days after the Mubadala Acquisition completion date, plus fixed assets in Türkiye.

**Income Tax**

| \$'000                                 | Three months ended |                |
|----------------------------------------|--------------------|----------------|
|                                        | March 31, 2024     | March 31, 2023 |
| Current income tax expense             | 24,233             | -              |
| Deferred income tax expense (recovery) | (16,284)           | (7,948)        |
| <b>Income tax expense (recovery)</b>   | <b>7,949</b>       | <b>(7,948)</b> |

Profits generated by the Company's Thai oil concessions are assessed in accordance with the PITA. Taxable profits are subject to a 50% tax rate under PITA. During Q1 2024, the Company recognised a recovery of \$16.3 million (Q1 2023: \$ 7.9 million) related to the unwinding of deferred tax liability arising from the fair value of the Mubadala Acquisition's PPA recognised in Q1 2023.

**Share-based Compensation**

Share-based compensation is a non-cash expense associated with stock options issued to directors, officers, employees of the Company.

Share-based compensation expense for Q1 2024 was \$0.9 million as compared to \$0.6 million in Q1 2023. The increase was a result of stock options, performance share units and restricted share units granted in Q1 2023.

**Capital Expenditure / Investing**

| \$'000                                    | Three months ended |                |
|-------------------------------------------|--------------------|----------------|
|                                           | March 31, 2024     | March 31, 2023 |
| Drilling                                  | 27,612             | 3,558          |
| Brownfield                                | 3,145              | -              |
| Other PPE                                 | (1,500)            | 322            |
| <b>Total adjusted capex<sup>(1)</sup></b> | <b>29,257</b>      | <b>3,880</b>   |

(1) Non-IFRS financial measure – see "Non-IFRS Financial Measures and Ratios" section in this MD&A.

Capex for Q1 2024 is mostly related to the Company's Thailand assets. The Company spent \$29.3 million on drilling activities associated with the development programmes at the Nong Yao and Wassana fields. In Q1 2023, capex related only to fixed assets from restarted producing in the Wassana field.

**The Mubadala Acquisition**

As announced on December 6, 2022, the Company entered into a share and purchase agreement with Mubadala Petroleum to acquire all of the shares of Busrakham Oil. On March 22, 2023, the Mubadala Acquisition closed with \$10.4 million in consideration paid. Contingent payments of up to \$50.0 million are based on certain upside price scenarios and have been recorded at estimated fair value.

The Mubadala Acquisition has been accounted for as a business combination under IFRS 3 *Business Combinations*. In 2023, the Company completed PPA exercise to determine the fair values of the net assets acquired within the stipulated time period of 12 months from the acquisition date of March 22, 2023. The fair values of identifiable assets and liabilities have been reflected in the consolidated statement of financial position as at March 22, 2023 as follows:

| In \$'000                              | Preliminary PPA | Adjustments    | Final PPA      |
|----------------------------------------|-----------------|----------------|----------------|
| Cash                                   | 10,438          | -              | 10,438         |
| Contingent consideration               | 9,117           | (5,183)        | 3,934          |
| <b>Total consideration</b>             | <b>19,555</b>   | <b>(5,183)</b> | <b>14,372</b>  |
| <b>Purchase Price Allocation</b>       |                 |                |                |
| Cash and cash equivalents              | 242,496         | -              | 242,496        |
| Accounts receivable                    | 54,902          | -              | 54,902         |
| Prepaid expenses and deposits          | 6,680           | -              | 6,680          |
| Inventory                              | 86,114          | -              | 86,114         |
| Property, plant and equipment          | 336,537         | 27,934         | 364,471        |
| Right of use asset                     | 58,382          | (11,189)       | 47,193         |
| Accounts and other payable             | (171,749)       | (500)          | (172,249)      |
| Lease liability                        | (59,764)        | 11,189         | (48,575)       |
| Provision for employee benefits        | (9,696)         | -              | (9,696)        |
| Income tax payable                     | (112,019)       | -              | (112,019)      |
| Decommissioning obligations            | (168,515)       | 23,746         | (144,769)      |
| Deferred tax liability                 | (36,193)        | (25,840)       | (62,033)       |
| <b>Total purchase price allocation</b> | <b>227,175</b>  | <b>25,340</b>  | <b>252,515</b> |
| <b>Bargain purchase gain</b>           | <b>207,620</b>  | <b>30,523</b>  | <b>238,143</b> |

The identifiable assets and liabilities have been measured at their individual fair value as at the date of acquisition. The fair value of property, plant and equipment was recorded based on the estimate of proved and probable reserves as determined by an independent third-party reserve evaluation prepared as at December 31, 2022 and adjusted for production from January 1, 2023 to March 22, 2023. Deferred taxes were calculated by applying the statutory tax rate to the fair values of property, plant and equipment, right of use assets, decommissioning obligation, and lease liabilities less available tax pools. The fair value of decommissioning obligations was determined by applying a credit adjusted interest rate to 2%.

The fair value of the accounts receivable acquired (which principally comprised of trade receivables) approximate their carrying values due to the relatively short-term maturity. The total carrying value reflects the gross contractual value of \$54.9 million and there are no contractual cash flows not expected to be collected based on the best estimate at acquisition date.

The contingent consideration is payable if the arithmetical average of the daily "close" of all quotations in US dollars for Dubai crude oil in the Platts Crude Oil Marketwire on a \$/bbl basis (the "Benchmark") averages over \$100 dollars for 2022, 2023 or 2024. No contingent consideration was payable for 2022 and 2023 as the reference price did not average over \$100. Such contingent consideration is capped at a maximum of \$50 million, and each year is calculated independently of each other year. The contingent consideration is payable in January 2025 for any amounts related to 2024 (if applicable).

In the preliminary PPA exercise, the Company used expected future price scenarios from a number of sources and discounted any possible payments at a credit adjusted interest rate.

In the final PPA exercise, the valuation methodology for valuing the contingent consideration was based on Monte Carlo simulation of the future expected Dubai crude oil prices. A Monte Carlo simulation was used to model the probability of different outcomes in a process that cannot easily be predicted due to the intervention of random variables. The simulation estimated a fair value of the contingent consideration as at March 22, 2023 of \$3.5 million. Using the same methodology, the simulation estimated a fair value as at December 31, 2023 of \$0.7 million. The change in the fair value of the contingent consideration has been recorded on the statement of profit or loss and other comprehensive income. During the period ended March 31, 2024, the change in contingent consideration value pertains to the recognition of accretion expense.

A bargain purchase gain of \$238 million was recognised primarily related to results of operations between the effective and closing date of the acquisition with the fair value of the assets acquired exceeding the fair value of the liabilities assumed and consideration paid. The Mubadala Acquisition was subject to a closing provision generally known as a 'locked box' mechanism whereby the net cash and liabilities accumulated in the business after September 1, 2022 would be assumed by the buyer at closing. The Seller had agreed on a purchase price tied to a valuation that was built on a certain oil price assumptions which, in hindsight, were materially lower than the realised price achieved during the period between September 1, 2022 and closing date of March 22, 2023 (the "Interim Period"). Accordingly, the record high oil price achieved during the Interim Period resulted in a material cash balance at closing.

The bargain purchase gain of \$238.1 million thus reflects the combination of a broader higher oil price environment during the Interim Period which resulted in a material cash balance, and have helped lift the value of the net assets beyond what the consideration agreed on may have suggested.

For the year ended December 31, 2023, Busrakham Oil contributed \$482.3 million revenue and \$78.4 million to the Company's net income for the year between the date of acquisition and the reporting date.

## Financial Position and Liquidity

The Company's capital structure includes net working capital and shareholders' equity and amounts available under the Facility **[NTD: Please define and explain.]**. The Company's objective when managing capital is to maintain a flexible capital structure which allows it to manage its operations safely and efficiently and execute its growth strategy, while maintaining a strong financial position.

The following provides selected financial information of the Company, which was derived from, and should be read in conjunction with, the Interim Financial Statements:

| \$'000                  | March 31,<br>2024 | December 31,<br>2023 |
|-------------------------|-------------------|----------------------|
| Non-current assets      | 386,917           | 410,759              |
| Current assets          | 322,059           | 293,555              |
| Non-current liabilities | 184,370           | 202,678              |
| Current liabilities     | 220,288           | 217,458              |
| Shareholders' equity    | 304,318           | 284,178              |

As at March 31, 2024, the Company had a net working capital balance including cash of \$101.8 million and adjusted net working capital of \$141.9 million. Net working capital and adjusted net working capital are non-IFRS financial measures. See "Non-IFRS Financial Measures and Ratios" section in this MD&A for reconciliation and definition.

| \$'000                              | March 31,<br>2024 | December 31,<br>2023 |
|-------------------------------------|-------------------|----------------------|
| <b>Net working capital</b>          | <b>101,771</b>    | <b>76,097</b>        |
| <b>Adjusted net working capital</b> | <b>141,877</b>    | <b>118,143</b>       |

Adjusted net working capital is derived by deducting current lease liabilities from the net working capital. The leases are associated with operations, such as bareboat charter contracts for key operating equipment, such as FSOs, FPSOs, and warehouses which are included in the Company's disclosed adjusted opex.

| \$'000                  | March 31,<br>2024 | December 31,<br>2023 |
|-------------------------|-------------------|----------------------|
| Cash & cash equivalents | 176,345           | 133,866              |
| Restricted cash         | 17,338            | 17,299               |
| <b>Cash balance</b>     | <b>193,683</b>    | <b>151,165</b>       |

### Credit facilities and restricted cash

**Letter of credit facility:** The Company's account performance security guarantee facility ("APSG Facility") with Export Development Canada with a limit of \$11.0 million was renewed to September 30, 2024 and can be renewed on an annual basis. The APSG Facility, which was issued to National Bank of Canada ("NBC"), allows the Company to use the APSG Facility as collateral for certain letters of credit issued by NBC. The Company has issued approximately \$10.2 million in letters of credit under the APSG Facility.

### Restricted Cash

The Company has restricted cash in the total amount of \$17.3 million as at March 31, 2024 (2023 - \$17.3 million). Of the \$17.3 million, (i) \$16.3 million held with banks in Thailand and related to securing financial security issued in accordance with decommissioning regulation issued by Department of Mineral Fuels for Valeura's Thai licences; and (ii) \$1.0 million is related to securing licence deposits with the General Directorate of Mining and Petroleum Affairs of the Republic of Türkiye ("GDMPA") and for letters of credit lodged with the Thai Customs department.



## Selected Quarterly Information

|                                                          |               | Three months ended |                  |                      |                      |                    |                      |                      |                  |
|----------------------------------------------------------|---------------|--------------------|------------------|----------------------|----------------------|--------------------|----------------------|----------------------|------------------|
|                                                          |               | Mar 31,<br>2024    | Dec 31,<br>2023  | Sep 30,<br>2023      | Jun 30,<br>2023      | Mar 31,<br>2023    | Dec 31,<br>2022      | Sep 30,<br>2022      | Jun 30,<br>2022  |
| Production                                               | <i>bbl/d</i>  | 21,882             | 19,165           | 19,961               | 22,097               | 2,388              | -                    | -                    | -                |
| Oil volumes sold                                         | <i>mbbl</i>   | 1,765              | 1,987            | 1,701                | 2,167                | -                  | -                    | -                    | -                |
| Net income<br>/(loss)<br>attributable to<br>shareholders | <i>\$'000</i> | 19,418             | 59,476           | (6,844)              | (1,533)              | 197,431            | (6,888)              | (3,612)              | 333              |
| Per share<br>basic & diluted                             | <i>\$</i>     | <i>0.19/0.18</i>   | <i>0.55/0.52</i> | <i>(0.07)/(0.07)</i> | <i>(0.15)/(0.14)</i> | <i>2.17 / 2.05</i> | <i>(0.07)/(0.07)</i> | <i>(0.04)/(0.04)</i> | <i>0.00/0.00</i> |

## Outstanding Share Data

|                                        | March 31,<br>2024  | December 31,<br>2023 |
|----------------------------------------|--------------------|----------------------|
| Common Shares                          | 103,657,326        | 102,954,826          |
| Stock options                          | 5,335,664          | 6,038,164            |
| Performance and restricted share units | 1,499,433          | 1,499,433            |
| <b>Total</b>                           | <b>110,492,423</b> | <b>110,492,423</b>   |

## Off Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements outstanding as at March 31, 2024, other than those discussed in note 22 of the Interim Financial Statements.

## Financial Instruments

Financial instruments of the Company include cash, accounts receivable, accounts payable, accrued liabilities and debt. The carrying values of the financial instruments approximate their fair values due to their relatively short periods to maturity. Financial instruments are discussed in more detail in note 20 of the Interim Financial Statements.

## Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time period specified in securities legislation.

The Company's CEO and CFO along with participation from other members of management, are responsible for establishing, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's ICFR that occurred during the period of March 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. No material changes in the Company's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

During the period ended March 31, 2024, in accordance with NI 52-109, the CEO and CFO have implemented the control policies and procedures in the operation following the control framework. Our design and operation of ICFR including the operation under the Mubadala Acquisition on March 22, 2023, are assessed as efficient and effective, which is in a manner consistent with the Company's other operations.

The Company notes that a control system, including the Company's DC&P and ICFR, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

## NON-IFRS FINANCIAL MEASURES AND RATIOS

**Adjusted EBITDAX:** is a non-IFRS financial measure which does not have a standardised meaning prescribed by IFRS. This non-IFRS financial measure is included because management uses the information to analyse the financial performance of the Company. Adjusted EBITDAX is a non-IFRS and non-standardised variant of EBITDAX, adjusted to remove non-cash items as well as certain non-recurring costs including severance payments and other one-off items in relation to the Company's recent acquisitions. Adjusted EBITDAX is calculated by adjusting profit (loss) for the year before other items as reported under IFRS to exclude the effects of other income, exploration, SRB, finance income and expenses, transaction costs, and depletion, depreciation & amortisation ("DD&A"), restructuring and other costs, and certain non-cash items (such as impairments, foreign exchange, unrealised risk management contracts, reassessment of contingent consideration, and share-based compensation) and gains or losses arising from the disposal of capital assets. In addition, other unusual or non-recurring items are excluded from Adjusted EBITDAX, as they are not indicative of the underlying financial performance of the Company.

| \$'000                                                                                                   | Three months ended |                |
|----------------------------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                                          | March 31, 2024     | March 31, 2023 |
| Profit (loss) for the period before other items                                                          | 27,104             | (12,077)       |
| Other income                                                                                             | (2,069)            | (63)           |
| Exploration                                                                                              | 2,196              | 41             |
| Special remuneratory benefit (SRB)                                                                       | -                  | (53)           |
| Transaction costs                                                                                        | -                  | 829            |
| Finance costs                                                                                            | 6,516              | 1,944          |
| Depletion and depreciation                                                                               | 47,596             | 113            |
| Foreign exchange loss (gain)                                                                             | 332                | 979            |
| Reversal of loss on inventory due to decline in resale value associate with Wassana field <sup>(1)</sup> | 6,157              | -              |
| Shared-based compensation and others                                                                     | 889                | 572            |
| Other non-recurring G&A costs <sup>(1)(2)</sup>                                                          | -                  | 560            |
| <b>Adjusted EBITDAX</b>                                                                                  | <b>88,721</b>      | <b>(7,155)</b> |

(1) Items are not shown in the Interim Financial Statements.

(2) Represents non-recurring costs associated with consultancy for merger and acquisition incurred as part of the Mubadala Acquisition - Refer to General and Administrative ("G&A") Expenses for details.

**Adjusted opex and adjusted opex per bbl:** are a Non-IFRS financial measure, and a non-IFRS financial ratio, respectively, which do not have standardised meanings prescribed by IFRS. These are included because management uses the information to analyse cash generation and financial performance of the Company. Operating cost represents the operating cash expenses incurred by the Company during the period including the leases that are associated with operations, such as bareboat contracts for key operating equipment, such as FSOs, FPSOs, and warehouses. Adjusted opex is calculated by effectively adjusting non-cash items from the operating cost and adding lease costs. Adjusted opex is divided by production in the period to arrive at adjusted opex per bbl. Valeura calculates adjusted opex per barrel, a non-IFRS measure, to provide a more consistent indication of the cost of field operations. Adjusted opex, as opposed to operating expenses, excludes the impacts of non-recurring, non-cash items such as prior period adjustments, and adds back lease costs in relation to FSOs, FPSOs, and other facilities.

| \$'000                                                                                                  | Three months ended |                |
|---------------------------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                                         | March 31, 2024     | March 31, 2023 |
| <b>Operating Costs</b>                                                                                  | <b>41,788</b>      | <b>4,678</b>   |
| Reversal of Loss of Net Realisable Value (Wassana) <sup>(1)</sup>                                       | 7,126              | -              |
| <b>Cost of Goods Sold</b>                                                                               | <b>48,914</b>      | <b>4,678</b>   |
| Reversal of accounting adjustments related to PPA inventory valuation and capitalisation <sup>(2)</sup> | (5,245)            | 2,563          |
| <b>Adjusted Opex (excluding Leases)</b>                                                                 | <b>43,669</b>      | <b>7,241</b>   |
| Leases <sup>(3)</sup>                                                                                   | 8,595              | 3,028          |
| <b>Adjusted Opex</b>                                                                                    | <b>52,264</b>      | <b>10,269</b>  |
| Production Volumes during the period (mmbbl)                                                            | 1,991              | 215            |
| <b>Adjusted Opex per bbl (\$/bbl)</b>                                                                   | <b>26.2</b>        | <b>47.8</b>    |

(1) Represent Write down inventory to net realisable value.

(2) Item is not shown in the Interim Financial Statements. Due to the Mubadala Acquisition, in accordance with IFRS 3 Business Combinations, we are required to calculate the PPA of the identifiable assets acquired and liabilities assumed at fair value. Crude oil inventory is one the identifiable assets acquired at fair value. The cost of crude inventory is capitalised from Operating costs. As a result, we excluded the effect of crude inventory capitalisation during the period including the effect of crude inventory from PPA valuation.

(3) In accordance with IFRS 16 - Leases, the Company recognised cost related to its operating leases – attributed to FSO and FPSO vessels used at its Jasmine/Ban Yen, Nong Yao, Manora and Wassana fields, as well as onshore warehouse facilities costs to its balance sheet and finance cost in the profit and loss statement. In order to report a more relevant lifting cost, the Company has included costs associated with these leases in the adjusted operating cost calculation. This will be a recurring adjustment.

**Adjusted cashflow from operations:** is a non-IFRS financial measure which does not have a standardised meaning prescribed by IFRS. This non-IFRS financial measure is included because management uses the information to analyse cash generation and financial performance of the Company. Adjusted cashflow from operations is calculated essentially using two methods which generate the same figures. A) by subtracting from oil revenues, royalties, adjusted opex, general and administrative costs which are adjusted for non-recurring charges, and accrued petroleum income tax ("PITA") taxes and SRB expenses, and B) to enhance and facilitate to the reader a reconciliation of this non-IFRS measure, the Company also presented the adjusted cash flow from operations by calculating from cash generated from (used in) operating activities in the consolidated statement of cash flows, adjusting with non-cash items, adjusted opex, general and administrative costs which are adjusted for non-recurring charges, and accrued PITA tax and SRB expenses.

| \$'000                                                    | Three months ended |                 |
|-----------------------------------------------------------|--------------------|-----------------|
|                                                           | March 31, 2024     | March 31, 2023  |
| Oil revenues                                              | 149,408            | -               |
| Royalties                                                 | (18,639)           | -               |
| Adjusted opex                                             | (52,264)           | (10,269)        |
| Recurring G&A costs                                       | (6,417)            | (2,477)         |
| <b>Adjusted pre tax cashflow from operations</b>          | <b>72,088</b>      | <b>(12,746)</b> |
| Income tax / PITA tax                                     | (24,233)           | -               |
| SRB expenses                                              | -                  | -               |
| <b>Adjusted cashflow from operations</b>                  | <b>47,855</b>      | <b>(12,746)</b> |
| Production during the period                              | 1,991              | -               |
| <b>Adjusted cashflow from operations per bbl (\$/bbl)</b> | <b>24.0</b>        | <b>n.a.</b>     |

| \$'000                                                    | Three months ended |                 |
|-----------------------------------------------------------|--------------------|-----------------|
|                                                           | March 31, 2024     | March 31, 2023  |
| Cash generated from (used in) operating activities        | 81,143             | (26,148)        |
| Change in non-cash working capital                        | (6,033)            | 17,464          |
| Non-cash items                                            | 55,659             | 8,684           |
| Adjusted opex                                             | (52,264)           | (10,269)        |
| Recurring G&A costs                                       | (6,417)            | (2,477)         |
| <b>Adjusted pre tax cashflow from operations</b>          | <b>72,088</b>      | <b>(12,746)</b> |
| Income tax / PITA tax                                     | (24,233)           | -               |
| SRB expenses                                              | -                  | -               |
| <b>Adjusted cashflow from operations</b>                  | <b>47,855</b>      | <b>(12,746)</b> |
| Production during the period                              | 1,991              | -               |
| <b>Adjusted cashflow from operations per bbl (\$/bbl)</b> | <b>24.0</b>        | <b>n.a.</b>     |

**Net cash:** is a non-IFRS financial measure which does not have a standardised meaning prescribed by IFRS. This non-IFRS financial measure is provided because management uses the information to a) analyse financial strength and b) manage the capital structure of the Company. This non-IFRS measure is used to ensure capital is managed effectively in order to support the Company's ongoing operations and needs.

| \$'000                  | March 31, 2024 | December 31, 2023 |
|-------------------------|----------------|-------------------|
| Cash & cash equivalents | 176,345        | 133,866           |
| Restricted cash         | 17,338         | 17,299            |
| <b>Cash balance</b>     | <b>193,683</b> | <b>151,165</b>    |

**Net working capital and adjusted net working capital:** are non-IFRS financial measures which do not have a standardised meaning prescribed by IFRS. These non-IFRS financial measures are included because management uses the information to analyse liquidity and financial strength of the Company. Adjusted net working capital is calculated by adding back current leases liability to net working capital.

The leases are associated with operations, such as bareboat contracts for key operating equipment, such as FSOs, FPSOs, and warehouses which are included in the Company's disclosed adjusted opex (and adjusted opex guidance). Management believes the adjusted net working capital provides a useful data point to the reader to ascertain the business' next-twelve-months surplus or deficit capital requirement. It is also a data point that management uses for cash management.

| \$'000                              | March 31, 2024 | December 31, 2023 |
|-------------------------------------|----------------|-------------------|
| Current assets                      | 322,059        | 293,555           |
| Current liabilities                 | (220,288)      | (217,458)         |
| <b>Net working capital</b>          | <b>101,771</b> | <b>76,097</b>     |
| Current lease liabilities           | 40,106         | 42,046            |
| <b>Adjusted net working capital</b> | <b>141,877</b> | <b>118,143</b>    |

**Adjusted capex:** is a non-IFRS measure which does not have a standardised meaning prescribed by IFRS. Capex is defined as the addition in capital expenditure for drilling, brownfield, and other PP&E.

|                                           | Three months ended |                   |
|-------------------------------------------|--------------------|-------------------|
|                                           | March 31,<br>2024  | March 31,<br>2023 |
| \$'000                                    |                    |                   |
| Drilling                                  | 27,612             | 3,558             |
| Brownfield                                | 3,145              | -                 |
| Other PPE                                 | (1,500)            | 322               |
| <b>Total adjusted capex<sup>(1)</sup></b> | <b>29,257</b>      | <b>3,880</b>      |

# BUSINESS RISKS AND UNCERTAINTIES

The reader is referred to the Interim Financial Statements, and the AIF for a more complete description of risks. As a result of the Mubadala Acquisition and the Kris Acquisition, the following risk factors were more prevalent as at March 31, 2024: failure to realise transactions and anticipated benefits related to mergers and acquisitions; exploration, development and production risks; acquisitions, dilution and availability of debt; climate change legislation; capital requirements; and price volatility, markets and marketing. In addition, the following risk factors have been modified to include mention of Thailand:

## Offshore operational risks relating to Thailand

Valeura's Thailand operations are subject to all the operational risks inherent to offshore exploration, development and production of hydrocarbons and the drilling of wells, including, unsatisfactory performance of service providers engaged to carry out operations required for the drilling and analysis of wells, natural disasters, encountering unexpected formations or pressures, premature declines of reservoirs, invasion of water into producing formations, formations with abnormal pressures, mechanical problems with equipment, potential for substantial environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to the property of the Company and others. The Company believes that governments throughout the world could implement stricter regulations on environmental protection, risk prevention and other forms of restrictions to drilling and other well operations. These new regulations and legislation, as well as evolving practices, could increase the cost of compliance and may also require changes to the Company's drilling operations, exploration, development and production plans and may lead to higher costs of operations.

The Company will be actively exploring for, developing and producing hydrocarbons in the Gulf of Thailand. Offshore operations involve different risks than onshore operations due in part to the remoteness of operations. Oil and natural gas exploration, development and production involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Fires and explosions on drilling rigs, offshore installations or marine vessels are more likely to result in personal injury, loss of life and damage to property due to the remote locations, confined spaces and time required for rescue personnel to get to the location. Blow-outs and spills are more likely to result in significant environmental damage to the marine environment and can be difficult to contain and difficult and expensive to remediate. Also, offshore operations are subject to marine perils, including severe storms and other adverse weather conditions and vessel collisions, as well as interruptions or termination by governmental authorities based on safety, environmental and other considerations. There can be no assurance that these risks can be avoided. Failure to manage these risks could result in injury or loss of life, damage to property, environmental damage, and could result in regulatory action, legal liability, loss of revenues and damage to the Company's reputation and could have a material adverse effect on the Company's operations, project returns or financial condition.

## Price volatility, markets and marketing

The marketability and price of oil and natural gas that may be produced by Valeura will be affected by numerous factors beyond its control. Valeura's revenues, profitability, future growth and the carrying value of its oil and gas properties, provided such properties yield production, are substantially dependent on prevailing prices of oil and gas. Valeura's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of Valeura. These factors include economic conditions in Asia, the United States, Thailand, and Europe, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, and political instability in the Middle East and elsewhere, the conflict in Ukraine, the impact of pandemics (including Covid-19), governmental regulation, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. In Turkey, natural gas prices for domestic sales are effectively set by the government, which are indirectly affected by these market forces. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Valeura's carrying value of its oil and natural gas reserves, borrowing capacity, revenues, profitability and cash flows from operations. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value.

Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. Any bank borrowings available to Valeura in the future will in part be determined by Valeura's borrowing base. A sustained material decline in prices from historical average prices could reduce Valeura's borrowing base, therefore reducing the bank credit available to the Company and require that a portion, or all, of Valeura's bank debt, if any, be repaid.

In addition, evolving decarbonisation policies of institutional investors, lenders and insurers could affect the Company's ability to access capital pools. Additionally, the Company may, from time to time, not meet the investment criteria or characteristics of a particular institutional or other investor, including institutional investors who are not willing or able to hold securities of oil and gas companies for reasons unrelated to financial or operational performance. Any changes in market-based factors or investor strategies or responsible investing criteria/rankings (for example, social impact or environmental scores), the implementation of new financial market regulations and fossil fuel divestment initiatives undertaken by governments, pension funds and/or other institutional investors, may adversely affect the Company's access to capital pools.

## Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its ongoing liabilities, obligations and commitments. With the ongoing development of the Company's offshore Thailand properties, the Company has significant commitments and capital expenditure requirements. On this basis, the Company has secured financing arrangements. The ability of the Company to draw on its financing requires the Company to meet and maintain certain terms, conditions and covenants of which there is no guarantee that the Company will be able to do. Any additional financing that may be required is subject to the financial markets, economic conditions for the oil and gas industry, and volatility in the debt and equity markets. These factors have made, and will likely continue to make it challenging to obtain cost-effective funding. There is no assurance additional financing will be available. In the event the Company is not successful in maintaining its financing arrangements, obtaining additional funding or of obtaining funding on terms that are acceptable to the Company, this will significantly impact the Company's ability to develop its oil and gas properties and enable them to become producing. The Company maintains and monitors a certain level of cash which is used to finance operating and capital expenditures.

## The Company is impacted by rising inflationary pressures.

Inflation rates in jurisdictions that the Company operates in increased significantly in 2023, rising above the target inflation rate ranges set by governing central banks and continued to remain above these target ranges throughout Q1 2024. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour, energy, food, motor vehicles and housing, continuing global supply-chain disruptions and the impact of international political conflicts. Inflation increases may or may not be transitory. However, any sustained upward trajectory

in the inflation rate could have an impact on the Company's results by applying upward pressure on the Company's costs in future periods. The Company's potential inability to manage costs resulting from inflation may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and funds from operations.

The cost or availability of oil and gas field equipment may adversely affect the Company's ability to undertake future projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to Valeura's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and funds from operations. The Company continues to monitor inflationary pressures in the jurisdictions in which it operates and assess any potential effects on the Company's operations. Please refer to note 5 "Hyperinflation" of the Interim Financial Statements for more details.

#### Variations in foreign exchange rates and interest rates

The Company's revenue streams in Thailand are in \$ and the Thai Baht ("THB"), while a significant portion of its capital expenditures and many of its operating expenditures are denominated in \$. Payments to governments such as taxes and royalties in both Thailand and Türkiye are made mostly in local currencies. The Company's exposure is partially offset by a natural match in receipts and expenditure in THB. The Company had no forward exchange contracts in place as at March 31, 2024.

Interest rate risk is the risk to profit or loss due to uncertain future interest rates on borrowings. The Company will take into account the level of external debt, current interest rates and market expectations in comparison to historic trends and volatility in making the decision to hedge.

A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows. The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, and input prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

#### Credit Risk

The Company may be exposed to third party credit risk through contractual arrangements with counterparties who buy the Company's hydrocarbon products. The Company's policy is to limit credit risk by only entering into oil and gas sales agreements with reputable and creditworthy oil and gas and trading companies. Where it is determined that there is a credit risk for oil and gas sales, the Company's policy is to require credit enhancement from the purchaser.

The Company's policy on joint venture parties is to rely on the provisions of the underlying joint operating agreements to take possession of the licence or the joint venture partner's share of production for non-payment of cash calls or other amounts due. In addition, cash is to be held and transacted only through major banks.

#### The use of foreign subsidiaries by the Company may affect the Company's ability to pay dividends or make distributions

The Company conducts its operations in Thailand and Türkiye through a series of wholly owned subsidiaries registered in Singapore, the British Virgin Islands, the Cayman Islands and Thailand. The Company's ability to pay dividends on the Common Shares is reliant on the ability of these subsidiaries to generate cash flow and pay dividends or make other distributions to the Company. The ability of subsidiaries to make payments to the Company may be constrained by, among other things: (i) the level of taxation, particularly corporate profits and withholding taxes, in the operating jurisdictions; (ii) the introduction of exchange controls; and (iii) local law requirements in relation to the payments of dividends and distributions.

## MATERIAL ACCOUNTING POLICIES

### Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

#### (a) Basis of consolidation

##### (i) Subsidiaries:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; or
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

#### (ii) Joint arrangements:

A portion of the Company's exploration and development activities are conducted jointly with others. The joint interests are accounted for on a proportionate consolidation basis and as a result the financial statements reflect only the Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows from these activities. Valeura has the following licences and working interests:

| Name of the joint arrangement      | Nature of the relationship with the joint arrangement | Principal place of operation of joint arrangement | Thai Licence regime | Working Interests |
|------------------------------------|-------------------------------------------------------|---------------------------------------------------|---------------------|-------------------|
| G10/48 Concession <sup>(1)</sup>   | Operator                                              | Gulf of Thailand                                  | Thai III            | 100%              |
| B5/27 Concession <sup>(2)</sup>    | Operator                                              | Gulf of Thailand                                  | Thai I              | 100%              |
| G1/48 Concession <sup>(3)</sup>    | Operator                                              | Gulf of Thailand                                  | Thai III            | 70%               |
| G11/48 Concession <sup>(4)</sup>   | Operator                                              | Gulf of Thailand                                  | Thai III            | 90%               |
| West Thrace Deep JV <sup>(5)</sup> | Operator                                              | Türkiye                                           | N/A                 | 63% (all rights)  |
| Banarli Deep JV <sup>(5)</sup>     | Operator                                              | Türkiye                                           | N/A                 | 100% (all rights) |

(1) The Company's interest in the G10/48 Concession is held by Valeura Energy (Thailand) Ltd. (64%) and Valeura Energy (Gulf of Thailand) Ltd. (25%). Transfer of the additional 11% working interest from the withdrawing partner to Valeura Energy (Thailand) Ltd is pending government approval.

(2) The Company's interest in the B5/27 Concession is held by Busrakham Jasmine Ltd.

(3) The Company's interest in the G1/48 Concession is held by Busrakham Manora Ltd.

(4) The Company's interest in the G11/48 Concession is held by Busrakham G11 Ltd (67.5%) and Busrakham Nong Yao Ltd. (22.5%)

(5) On April 7, 2023, Valeura submitted an application for the second extension period of the Banarli and West Thrace Exploration Licences and has been advised that the renewal remains in administrative processing.

A subsidiary of the Company has divested its working interest of 43% in Licence G6/48. The agreement for the withdrawal from and transfer of the G6/48 interest is dated April 27, 2023, which is awaiting government approval. As of March 31, 2024, the Company has no proportion of the participating share in the licence.

The partner in Licence G10/48, Wassana field, has discontinued its participation in the licence. The partner transferred its 11% working interest to the subsidiary under the deed of novation and amendment agreement on April 20, 2023. As of March 31, 2024, the proportion of participating share in the licence of the Company is 100%.

#### (iii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred except if related to the issue of debt securities. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value with certain exceptions.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the

identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control including control achieved in a business that was joint operation) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

### (c) Financial instruments

#### (i) *Non-derivative financial instruments:*

##### *a. Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on principal amounts outstanding.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *b. Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profit or loss upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

#### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Valeura does not currently have financial instrument contracts to which it applies hedge accounting.



**(ii) Share capital:**

Common Shares are classified as equity. Incremental costs directly attributable to the issue of Common Shares and share options are recognised as a deduction from equity, net of any tax effects.

**(d) Inventory**

Inventory consists of the Company's unsold Thailand crude oil and spare parts. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less costs to sell. Costs for unsold crude oil include operating expenses, and depletion associated with the production of crude oil in inventory. The Company assesses the net realisable value of the inventories at the end of each year and recognises the appropriate write-down if this value is lower than the carrying amount. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

Spare parts are valued at cost net of provision for obsolescence. The provision is provided for spare parts used for exploration production of oil that are obsolete and unserviceable.

**(e) Exploration and evaluation assets**

Pre-licence costs are recognised in profit or loss as incurred. Exploration and evaluation ("E&E") costs, including the costs of acquiring licences and directly attributable general and administrative costs, are initially capitalised as exploration and evaluation assets. The costs are accumulated by well, field or exploration area pending determination of technical feasibility and commercial viability.

**(f) Property, plant and equipment****(i) Recognition and measurement:**

Items of property, plant and equipment ("PP&E"), which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash generating units for impairment testing. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (components).

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognised in profit or loss.

**(ii) Subsequent costs:**

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognised as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in profit or loss as incurred. Such capitalised oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such proved and probable reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depletion and depreciation:**

The net carrying value of oil and gas properties included in property, plant and equipment is depleted by area using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves (before royalties), taking into account estimated future development costs necessary to bring those proved and probable reserves into production. Future development costs are estimated taking into account the level of development required to produce the proved and probable reserves for each area. These estimates are reviewed by independent reserve engineers at least annually. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Other PP&E are recorded at cost on acquisition and amortised on a straight-line basis. The estimated useful lives for the current and comparative periods are as follows:

|                                          |         |
|------------------------------------------|---------|
| Leasehold improvements                   | 5 years |
| Furniture, fixtures and office equipment | 5 years |
| Computers                                | 5 years |

**(g) Impairment****(i) Financial assets:**

Loss allowances are recognised for expected credit losses ("ECLs") on its financial assets measured at amortised cost. Due to the nature of the financial assets, loss allowances are measured at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

**(ii) Non-financial assets:**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

PP&E and E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs of disposal. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Value-in-use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of PP&E and E&E assets, recognised in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognised.

#### **(h) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid amount. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Right of use assets for assets related to oil and gas production are depreciated on a unit of production basis. All other leased assets are depreciated based on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment review similar to property, plant and equipment assets.

If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

#### **(i) Employee benefits**

##### ***(i) Short-term employee benefits***

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

##### ***(ii) Retirement and termination benefit costs***

The Company has a provision for employee benefits (the "Provision") and an employee savings plan. The employee savings plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The cost of the employee savings plan benefit is expensed as earned by employees. These benefits are unfunded and are expensed as the employees provide service.

The provident funds are funded by payments from employees and from the Company which are held in a separate trustee-administered fund. The Company contributes to the funds at a rate of 5% - 15% of the employees' salaries which are charged to the statements of profit or loss in the period the contributions are made.

The provision for employee benefit is for Legal Severance Pay under the Thai Labour Protection Act 1998 (revised 2019) and Retirement Pension Plan. It specifies that an employee will receive a fixed one-time payment on retirement, dependent on factors such as age, years of service and compensation. The provision is accounted for under IAS 19 *Employee Benefits*. The calculation of the Provision is performed annually by a qualified actuary using the projected unit credit method. There are no assets related to the provision.

The Company's obligation in respect of the retirement benefit plans is calculated by estimating the amount of future benefits that employees will earn in return for their services to the Company in current and future periods. Such benefits are discounted to the present value. The employee benefits obligation is calculated by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income (loss) in the period in which they arise.

Past-service costs are recognised immediately in the statements of profit or loss.

**(iii) Other long-term benefits**

The other provision for employee benefit is long-term benefits based on employees' length of service. The Company calculates the amount of these benefits according to the employees' service period.

The expected obligations of retirement and termination benefit costs and other long-term benefits are calculated by independent actuarial experts and accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions will be recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

The Company recognises the obligations in respect of employee benefits in the statements of financial position under "Provision for Employee Benefits".

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

*Decommissioning obligations:*

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalised in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. The Company uses a credit adjusted interest rate in the measurement of the present value of its decommissioning obligations. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalised. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

**(k) Share based payments**

**(i) Stock options**

The grant date fair value of options granted to certain employees are recognised as compensation expense, with a corresponding increase in contributed surplus over the vesting period on a straight-line basis. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

**(ii) Performance share units and Restricted share units**

The grant date fair value of performance share units ("PSU") and restricted share units granted to certain employees are recognised as compensation expense, with a corresponding increase in contributed surplus over the vesting period. PSUs are subject to certain non-market performance conditions, of which, the impact is estimated at the grant date.

**(iii) Deferred share units**

The grant date fair value of cash-settled deferred share units granted to a member of the board of directors are recognised as compensation expense, with a corresponding increase in compensation liability over the vesting period. Subsequent to initial recognition, the compensation liability and corresponding compensation expense are measured at fair value.

**(l) Revenue from contracts with customers**

Valeura's petroleum revenues from the sale of crude oil are based on the consideration specified in the contracts with customers. Valeura recognises revenue when the performance obligation is satisfied by transferring control of the product to the customer, which is generally when legal title passes to the customer and collection is reasonably assured.

Crude oil sales in Thailand are conducted on a tender basis for both domestic and export sales. The reference price generally used for Thai crude oil is Dubai crude oil. Oil revenues is presented net of royalties.

**(m) Royalties**

Royalty arrangements that are based on production or sales are recognised by reference to the underlying arrangement.

**(i) Royalties to government in Thailand**

Royalties paid to the Thai government are based on sales volumes and are payable in cash in each calendar quarter which commences from January, April, July, and October for Thai I licences and in the month following sales for Thai III licences. Royalties for Thai I licences are a flat 12.5%, and for Thai III licences are a sliding scale between 5% and 15% based on sales volumes.

**(ii) Payment to previous owner in Thailand**

Under the terms of the sales and purchase agreement between the Company and the previous owner of Licence B5/27, the Company is required to make payments to the previous owner in cash based on sales volumes computed as follows:

- (1) 6% of gross revenue from certain production areas within Licence B5/27;
- (2) \$2 per barrel of oil produced from certain production areas within Licence B5/27; and
- (3) 4% of gross revenue from certain production areas other than that mentioned in 2) above within Licence B5/27.

**(iii) Royalties to government in Türkiye**

Royalties paid to the government for natural gas production are 12.5% based on production volumes and are payable in the month following production.

**(n) Special remuneratory benefit**

SRB is a unique form of tax on Windfall Profits or annual additional petroleum profits, arising from substantial increases in the price of

petroleum, or very low-cost discoveries under PITA. SRB is calculated annually on a block-by-block basis and varies from year-to-year, depending on the revenue per one meter of well drilled in the year. SRB will not apply unless capital expenditures have been recovered in full. The SRB will be calculated annually and will be calculated on a block-by-block basis.

If the concessionaire has Petroleum Profit (as such term is defined in the PITA) for the year, calculated based on related annual income per one meter of well, the SRB is calculated at the following rates, subject to a ceiling of 75% of Petroleum Profit for the year.

| Rated Annual Income Per One Meter of Well | SRB                                |
|-------------------------------------------|------------------------------------|
| Up to Baht 4,800                          | Zero                               |
| Baht 4,800 to 14,400                      | 1.0% per each Baht 240 increment   |
| Baht 14,400 to 33,600                     | 1.0% per each Baht 960 increment   |
| Over Baht 33,600                          | 1.0% per each Baht 3,840 increment |

In order to determine Rated Annual Income per One Meter of Well:

- 1) calculate annual Petroleum Income for the year, and adjust for inflation and exchange rates;
- 2) calculate the accumulated total meters of all wells (exploration wells, appraisal wells, production wells, etc.) drilled during the period of the concession; and Rated Annual Income per One Meter of Well = Adjusted Annual Petroleum Income divided by (Total depth of all wells + GSF)
- 3) GSF means Geological Stability Factor, which shall be fixed for each geological region of Thailand, and shall not be less than 150,000 meters. The number will increase in areas where drilling is more difficult.

#### (o) Finance costs

Finance costs comprise interest expense on any borrowings, accretion of the discount on provisions and interest expense arising from lease liabilities. Interest expense on borrowings is recognised as it accrues in profit or loss, using the effective interest method.

#### (p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

#### (q) Foreign Currency Translation

##### (i) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised in the statements of profit or loss and other comprehensive income. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Foreign exchange gains and losses are presented within finance income and costs in the statement of income and comprehensive income.

##### (ii) Functional and presentation currency

Items included in the financial statements of each of the operational entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's operational entities are the US\$, CAD and TRY. The consolidated financial statements are presented in US\$ (or \$) which is the Company's presentation currency. The balance sheets and income statements of foreign companies are translated using the current rate method. All assets and liabilities are translated at the balance sheet date rates of exchange, whereas the income statements are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction, and the translation of assets and liabilities under a hyperinflationary environment disclosed in note 5 of the Interim Financial Statements. The translation differences which arise are recorded directly in other comprehensive income.

## ACRONYMS

|                  |                                                                                                                                                                                                                                                                                                                                                    |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| bbl/d            | barrels of oil per day                                                                                                                                                                                                                                                                                                                             |
| bbls             | barrels of oil                                                                                                                                                                                                                                                                                                                                     |
| Concessions      | concessions and other similar agreements entered into with a host government providing for petroleum operations in a defined area                                                                                                                                                                                                                  |
| E&E              | Exploration and Evaluation                                                                                                                                                                                                                                                                                                                         |
| EBITDAX          | Earnings before interest, tax, depreciation, depletion & amortisation and exploration expense                                                                                                                                                                                                                                                      |
| FPSO             | Floating Production, Storage and Offloading vessel                                                                                                                                                                                                                                                                                                 |
| FSO              | Floating Storage and Offloading vessel                                                                                                                                                                                                                                                                                                             |
| MOPU             | Mobile Offshore Production Unit                                                                                                                                                                                                                                                                                                                    |
| MD&A             | Management's Discussion and Analysis.                                                                                                                                                                                                                                                                                                              |
| mdbl             | one thousand barrels of oil                                                                                                                                                                                                                                                                                                                        |
| mdbl             | one million barrels of oil                                                                                                                                                                                                                                                                                                                         |
| NI 52-109        | National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Filings                                                                                                                                                                                                                                                            |
| PITA             | Petroleum Income Tax Act                                                                                                                                                                                                                                                                                                                           |
| SRB              | Special remuneratory benefit                                                                                                                                                                                                                                                                                                                       |
| US               | United States of America                                                                                                                                                                                                                                                                                                                           |
| \$               | US dollars                                                                                                                                                                                                                                                                                                                                         |
| Working Interest | A percentage of ownership in an oil and gas concession granting its owner the right to explore, drill and produce oil and gas from a concession. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating the concession and to receive the corresponding income/revenues |

## FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A constitutes forward-looking information under applicable securities legislation. Such forward-looking information is for the purpose of explaining management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "target" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to: the Company's expectation that it will provide updates on the new expiry dates for the Banarali and West Thrace Exploration Licences; the Company's expectations regarding drilling wells on the Nong Yao field and the anticipated timing thereof; the Company's anticipated higher production in the second half of 2024; the Company's intention to fund its 2024 spending through cash on hand and cash flow generated from ongoing operations; the Company's intention to maintain a strong balance sheet; the Company's intention to have one drilling rig under contract for the entire year and to conduct a continuous drilling programme covering each of its fields; the investment thesis, that the Company's assets offer opportunities to push field economic lives into the future; the Company's strengthening financial position resulting in being better prepared to grow its business; the Company's reiteration of its guidance outlook for 2024; the Company's plan for drilling on Jasmine comprising approximately five infill development wells; the expectation to bring on the new Nong Yao A wells in the coming days; the Company's expectation to commission the T7 Shirley MOPU; timing to mobilise the drilling rig to Nong Yao C, timing for first oil, and target rates from the development; timing for completion of the FSO Aurora acquisition and the potential for more operational flexibility and reduced operating expenses; timing to complete the concept-select phase and final investment decision on the Wassana field redevelopment; expectations that well workovers on the Manora field will offset recent production declines; the expectation that a Manora drilling campaign will be included in the drill sequence in late 2024 or early 2025; anticipated 2024 operating costs and capital expenditures; and certain contingent payments of up to a further \$50.0 million under the Mubadala Acquisition relating to future price scenarios; and future liquidity. In addition, statements related to "reserves" are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the resources can be discovered and profitably produced in the future.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the Company's ability to integrate assets and employees from the Mubadala Acquisition and Kris Acquisition; the ability to successfully increase production from the Wassana field and the timing; the ability to achieve oil sales from the Wassana field and generate net cash flows at current commodity prices; the ability to fully identify and execute infill drilling opportunities in the Wassana field; the ability to continue ongoing production operations at the Jasmine/Ban Yen, Manora, and Nong Yao fields; the ability to successfully pursue further opportunities in Thailand; the ability to identify attractive M&A opportunities to support growth; continued safe, reliable and environmentally responsible operations and ability to proceed in a timely manner; future sources of funding; future economic conditions; the ability to manage costs related to inflation; the ability of the Company to execute its strategy; the Company's ability to effectively manage growth; political stability of the areas in which Valeura is operating and completing transactions; the success of the Deep Gas Play; the ability of the Company to satisfy the drilling and other requirements under its licences and leases; continued operations of and approvals forthcoming from the governments and regulators in a manner consistent with past conduct; future drilling activity on the required/expected timelines; the prospectivity of the Company's lands; the continued favourable pricing and operating netbacks across its business; future production rates and associated operating netbacks and cash flow; the ability to reach agreement with partners; the ability of the Company to maintain its directors, senior management team and employees with relevant experience; the ability of the Company to successfully manage the political and economic risks inherent in pursuing oil and gas opportunities in Thailand and Türkiye; field production rates and decline rates; the impact of increasing competition; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business and execute work programmes; the Company's ability to operate the properties in a safe, environmentally responsible, efficient and effective manner; the timing and costs of pipeline, storage and facility construction and expansion; future oil and natural gas prices; currency, exchange rates; interest rates; the ability of the Company to maintain effective ICFR; the regulatory framework regarding royalties, taxes and environmental matters; the ability of the Company to successfully market its oil and natural gas products; the continued minimal effect on the Company's ability to operate from various geopolitical unrest; the state of the capital markets; future commodity prices; the impact of the Russian invasion of Ukraine; royalty rates and taxes; future capital and other expenditures; the success obtained in drilling new wells and working over existing wellbores; the performance of wells and facilities; the availability of the required capital to fund its exploration, development and other operations, and the ability of the Company to meet its commitments and financial obligations; the ability of the Company to secure adequate processing, transportation, fractionation and storage capacity on acceptable terms; the capacity and reliability of facilities; the application of regulatory requirements respecting abandonment and reclamation; the recoverability of the Company's reserves and contingent resources; future growth; the sufficiency of budgeted capital expenditures in carrying out planned activities; global energy policies going forward; future debt levels; and the ability of the Company to obtain financing on acceptable terms. In addition, the Company's work programmes and budgets are in part based upon expected agreement among joint venture partners and associated exploration, development and marketing plans and anticipated costs and sales prices, which are subject to change based on, among other things, the actual results of drilling and related activity, availability of drilling, offshore storage and offloading facilities and other specialised oilfield equipment and service providers, changes in partners' plans and unexpected delays and changes in market conditions. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. Exploration, appraisal, and development of oil and natural gas reserves and resources are speculative activities and involve a degree of risk. A number of factors could cause actual results to differ materially from those anticipated by the Company including, but not limited to: offshore operation risks relating to Thailand; use of foreign subsidies risks; the risks associated with the oil and gas industry (e.g. operational risks in exploration, inherent uncertainties in interpreting geological data, and changes in plans with respect to exploration or capital expenditures, the uncertainty of estimates and projections in relation to costs and expenses, and health, safety, environmental risks and climate change risks); the ability of management to execute its business plan or realise anticipated benefits from the Mubadala Acquisition and Kris Acquisition; competition for specialised equipment and human resources; the Company's ability to manage growth; the Company's ability to manage the costs related to inflation; disruption in supply chains; the risks of currency fluctuations; changes in interest rates, oil and gas prices and netbacks; potential changes in joint venture partner strategies and participation in work programmes; potential assertions of pre-emptive rights by a partner or potential disputes with a partner in connection with the Kris Acquisition; the ability to maintain effective ICFR; the ability to secure a new partner for Deep Gas Play; the ability to execute potential M&A opportunities; the risk that the conditions precedent under the Facility will not be satisfied and that other financing may not be available; liquidity risk; uncertainty regarding the sustainability of initial production rates and decline rates thereafter; uncertainty regarding the contemplated timelines for further testing and production activities; uncertainty regarding the state of capital markets and the availability of future financings; the risk of being unable to meet drilling deadlines and the requirements under licences and leases; uncertainty regarding the contemplated timelines and costs for offshore development plans in Thailand and the Deep Gas Play evaluation in Türkiye; the risks of disruption to operations and access to worksites, threats to security and safety of personnel and potential property damage related to political issues, terrorist attacks, insurgencies or civil unrest; the risks of increased costs and delays in timing related to protecting the safety and security of Valeura's personnel and property; political stability in the countries in which it operates; the risk of changing commodity prices; the risk of foreign exchange rate fluctuations; the risk of partners having different views on work programmes and potential disputes among partners; counterparty risks; the uncertainty regarding

government and other approvals (potential changes in laws and regulations); the risks associated with weather delays and natural disasters; and the risk associated with international activity. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. See the AIF for a detailed discussion of the risk factors.

Certain forward-looking information in this MD&A may also constitute the "financial outlook" within the meaning of applicable securities legislation. Financial outlook involves statements about Valeura's prospective financial performance or position and is based on and subject to the assumptions and risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Such assumptions are based on management's assessment of the relevant information currently available, and any financial outlook included in this MD&A is made as of the date hereof and provided for the purpose of helping readers understand Valeura's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook.

The forward-looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

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